

## Message Text

CONFIDENTIAL

PAGE 01 VIENTI 00808 050724Z

ACTION EA-09

INFO OCT-01 EUR-12 ISO-00 ERDA-05 AID-05 CEA-01  
CIAE-00 COME-00 EPG-02 DODE-00 EB-07 FEAE-00  
FPC-01 H-01 INR-07 INT-05 L-03 NSAE-00 NSC-05  
OMB-01 PM-04 USIA-06 OES-07 SP-02 SS-15 STR-04  
TRSE-00 ACDA-07 PA-01 PRS-01 /112 W  
-----051321Z 010678 /40

R 050500Z MAY 77

FM AMEMBASSY VIENTIANE  
TO SECSTATE WASHDC 8120  
INFO AMEMBASSY BANGKOK  
AMEMBASSY PARIS  
AMCONSUL HONG KONG  
AMCONSUL UDORN  
CINCPAC

C O N F I D E N T I A L VIENTIANE 0808

CINCPAC FOR POLAD

E.O. 11652: GDS

TAGS: ETRD ESTC ENRG EALR BEXP LA

SUBJECT: LPDR INVITES ESSO TO BID ON SUPPLYING POL

REF: VIENTIANE 0701

1. LAO CHARGE IN BANGKOK REQUESTED ESSO STANDARD THAILAND LTD. LATE APRIL TO CONSIDER SUPPLYING LPDR WITH POL, ACCORDING TO AMCIT ESSO MARKETING DIRECTOR TONY COCKCROFT. ACCOMPANIED BY ESSO SUPPLY AND TRANSPORTATION MANAGER SMIT LOSUWANAWONG, COCKCROFT VISITED LPDR MAY 3 AND 4 TO DISCUSS THE PROPOSAL WITH KHAMTHA, DIRECTOR OF THE DEPARTMENT OF FOREIGN TRADE IN THE MINISTRY OF COMMERCE AND INDUSTRY.

2. COCKCROFT CALLED ON EMBASSY MAY 4 AND SAID THAT  
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KHAMTHA WAS EAGER TO KNOW ESSO PRICES BUT HAD NOT YET WORKED OUT DETAILS SUCH AS WHAT PRODUCTS AND IN WHAT QUANTITIES THE LAO WANTED TO BUY FROM ESSO. IN EARLY APRIL THE LPDR REQUESTED SWISS BUSINESSMAN CLO BARBIAN TO MAKE A BID ON SUPPLYING POL TO THE GOVERNMENT. BARBLAN DID NOT TAKE THE PROPOSAL SERIOUSLY BECAUSE HE FELT THE LAO MARKET WAS NOT LARGE ENOUGH FOR ANOTHER

SUPPLIER IN ADDITION TO SHELL.

3. KHAMTHA TOLD COCKCROFT THAT THE LPDR WANTED ESSO TO SUPPLY POL EXCLUSIVELY TO THE GOVERNMENT, MEANING ESSO WOULD NOT BE INVOLVED IN INTERNAL DISTRIBUTION AND MARKETING. SHELL OIL LAOS, AS REPORTED REFTEL, BALKED AT A GOVERNMENT PROPOSAL THAT SHELL SUPPLY THE GOVERNMENT EXCLUSIVELY, WHICH WOULD HAVE ELIMINATED SHELL'S SUPPLY NETWORK TO PRIVATE DISTRIBUTORS. SHELL AND THE LPDR ARE STILL NEGOTIATING THE ISSUE AS WELL AS THE SHELL CONTRACT TO SUPPLY THE LPDR WITH POL FOR NEXT YEAR, ACCORDING TO SHELL DIRECTOR JOHN CROSSMAN. CROSSMAN TOLD EMBOFF IN EARLY MAY THAT THE CONTRACT NEGOTIATIONS WERE GOING WELL AND HE EXPECTED THAT THE CONTRACT WOULD BE FINALIZED IN TWO MONTHS TIME.

4. COMMENT: WE ALSO BELIEVE THE LAO MARKET IS NOT LARGE ENOUGH TO SUPPORT TWO COMPANIES PROFITABLY. THE LPDR MAY HAVE REQUESTED SHELL'S COMPETITOR TO CONSIDER SUPPLYING POL AFTER THEY WERE JOLTED BY SHELL'S IMPLIED THREAT TO DISCONTINUE OPERATIONS IF SATISFACTORY CONTRACT NEGOTIATIONS WERE NOT HELD, AS REPORTED REFTEL. WE FEEL IT IS MORE LIKELY, HOWEVER, THAT THE LPDR IS PREPARING TO SIGN A YEARS CONTRACT WITH SHELL AND WOULD LIKE A COMPETITOR'S BID TO SEE IF SHELL'S PRICES ARE ACCEPTABLE.  
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## Message Attributes

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**Current Classification:** UNCLASSIFIED  
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**Disposition Approved on Date:**  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 22 May 2009  
**Disposition Event:**  
**Disposition History:** n/a  
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**Enclosure:** n/a  
**Executive Order:** GS  
**Errors:** N/A  
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**TAGS:** ETRD, ESTC, ENRG, EALR, BEXP, LA, ESSO  
**To:** STATE  
**Type:** TE  
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**Review Markings:**  
Margaret P. Grafeld  
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**Markings:** Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009